



February 15, 2021

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington D.C. 20551

Re: Community Reinvestment Act Regulations - Request for Public Input
Docket Number R-1723
RIN Number 7100-AF94.

Dear Board of Governors:

I am writing on behalf of Dwelling Place of Grand Rapids NPHC based in Grand Rapids, Michigan.

Like many others across the country, we believe the Federal Reserve Board must do more to promote recovery from the COVID-19 pandemic. Unless the Federal Reserve strengthens the CRA examination process further, banks will not engage in serious efforts to help communities of color and low- and moderate-income (LMI) neighborhoods recover from the pandemic.

Dwelling Place owns and manages more than 1,400 LMI rental units and has recently created a community land trust to offer homeownership opportunities for LMI households. The Dwelling Place Regional Community Land Trust will also help to ensure that affordability can be maintained in the homes it sells, even as homeownership in many West Michigan communities and neighborhoods is increasingly out of reach for these households. COVID-19 has only exacerbated this fact, as many of these families have seen their employment and income reduced as a consequence of the pandemic.

Other commenters have noted findings in a recently released report from NCRRC that indicate a strong relationship between redlining and susceptibility to COVID. This is consistent with our experience and we are trying our best to address this issue in a collaboration around housing and health care with area health care systems. We need the banking industry to step into this space with more resources and support if we are to have any hope for success. The Federal Reserve can help to ensure that this happens through its rulemaking related to CRA. The CRA must be strengthened in order to combat discrimination.

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We would offer the following recommendations to ensure that this happens:

1. The Federal Reserve is proposing to reduce the number of ratings on a state level and on subtests from five to four. This proposal would result in fewer distinctions in performance whereas new CRA exams must reveal more distinctions in order to motivate banks to be more responsive to COVID-19 recovery needs. Five ratings must be retained on the state level and on subtests.
2. The Federal Reserve is asking whether underserved areas should be designated based on high levels of poverty or low levels of retail lending. NCRC advocated an approach based on low levels of lending which would effectively target redlined neighborhoods and communities of color. We support the NCRC recommendation.
3. The Federal Reserve should also include race on CRA exams making it easier to include performance measures assessing lending, investing, branching and services to people of color and communities of color. This would also allow for the Federal Reserve to assess lending and investing in majority minority census tracts outside of identified assessment areas.
4. We support the Federal Reserve's proposals to improve data collection including community development financing data. This would better enable stakeholders to determine communities most in need.
5. We support the Federal Reserve's proposals to expand assessment areas but these should be expanded to also include areas outside of branches with significant amounts of bank lending or deposit taking.
6. The Federal Reserve's proposals to expand financial education to include any income level dilutes and obfuscates the impact on LMI households and households of color. We see this locally in the work we do in West Michigan. Financial education programs often appear as rationed in LMI communities because of the challenges and costs associated with developing effective outreach programs. We support a more targeted approach for CRA focusing on the financial education needs of LMI households and households of color.
7. Finally, like many others who have offered comments, we offer our support for the Federal Reserve's proposal to eliminate distinctions in the rigor of examination among assessment areas that have resulted in banks neglecting smaller cities, rural counties and Native American reservations.

Thank you for this opportunity to share our comments on this vital issue. These communities have already suffered from neglect rooted in systemic racism and COVID 19 has only made this fact more visible. We have a historic opportunity to make a real difference.

Sincerely,

Dennis Sturtevant

Dennis Sturtevant
Chief Executive Officer